

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 321 - SB 492

March 28, 2011

SUMMARY OF BILL: Creates a voluntary system for public funding of political campaigns for the General Assembly and Governor. Establishes the Tennessee Democracy Fund, to be administered by the Registry of Election Finance, as an alternative source of campaign financing for candidates who obtain a sufficient number of qualifying contributions from registered voters and who voluntarily accept strict fund-raising and spending limits. This funding mechanism will be available to candidates for the General Assembly in elections to be held in 2012 and thereafter, and to candidates for Governor in elections to be held in 2014 and thereafter. The Fund is established to finance the election campaigns of certified candidates and to pay administrative and enforcement costs of the Registry related to this Act. There is established under the Registry a five-member Voter-Owned Elections Advisory Council which shall advise the Registry on the rules and opinions it adopts for the enforcement and administration of this Act and on the funding needs of the Democracy Fund. This Act establishes a civil penalty of up to \$10,000 per violation; and, in addition, a candidate found in violation may be required to return all amounts distributed to the candidate from the Fund.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$56,000/One-Time/Registry of Election Finance
\$163,000/Recurring/Registry of Election Finance
Exceeds \$10,300,000/Tennessee Democracy Fund**

Increase State Revenue – Not Significant

Assumptions:

- The increase in state appropriations of an amount exceeding \$10,300,000 to the Democracy Fund will be used to assist certified candidates fund their election campaigns. This estimate was calculated using prior election costs.
- An increase in state expenditures in the amount of \$163,000 recurring and \$56,000 one-time will be required for additional staff and operating costs to the Registry of Election Finance to handle the comprehensive public campaign financing.
- According the Registry, two new accounting positions at a recurring cost of \$120,000 (\$60,000 each for salary and benefits) will be required plus recurring operating costs of \$43,000 (printing \$20,000; telecommunications \$3,000; rent

\$5,000; postage \$2,000; travel \$5,000; supplies \$3,000; and professional services \$5,000) associated with these two positions will also be required to handle the work involved in implementing the Voter-Owned Elections Act.

- According to the Registry, one-time costs of \$56,000 will be required, of which \$50,000 will be for contracted computer work to update TNCAMP, the campaign finance system; \$4,000 for equipment; and \$2,000 for supplies.
- Any increase in state revenue from the collection of a civil penalty for violation of the Act is estimated to be not significant. The number of violators is anticipated to be small since the Registry is authorized to require a participating candidate to return all fund monies for a violation.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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